The 2002 Self-Assessment Guide for Long Term Care Insurance

A JOINT PUBLICATION BY:

Senior Health Insurance Information Program
SHIIP
Indiana State Department of Insurance

and

Indiana Long Term Care Program
Indiana Family and Social Services Administration

State Form 45870 (R12/26/01)

The Self-Assessment Guide for Long Term Care Insurance

This guide will not provide an exact answer to what you should do, but it can help you ask the right questions and make the best decision for your situation. The guide may be completed by you alone, or with a SHIIP volunteer counselor, an insurance agent or other professional. You may want to work through the guide with family members, so these important issues can be discussed and considered.

Traditional Long Term Care Insurance

Long term care insurance policies are becoming more popular and more widely used by individuals to pay for some or all of their long term care expenses. This guide will help you think about your chances for needing long term care and the reasons you may want to buy a policy. Long term care insurance is not appropriate for everyone. Whether or not you should buy a policy will depend on your age, health status, overall retirement objectives and income.

Indiana Long Term Care Program

The Indiana Long Term Care Program, also known as the Indiana Partnership Program, gives Hoosiers another option to traditional long term care insurance. *Indiana Partnership* policies contain a unique state-added benefit of *Medicaid asset protection.* By purchasing an *Indiana Partnership* policy, you will protect your assets as the policy pays out for your care. The amount of assets you protect will depend on how much coverage you buy and use. Should you ever need care beyond the limits of your policy, Medicaid would act as your safety net. Your income would go towards your care, but you would not have to spend all of your assets. To receive a free copy of the Indiana Partnership Select Agent Directory, **call 1-317-233-1470, or visit the Program's website at: www.in.gov/fssa/iltcp**

Senior Health Insurance Information Program

The Senior Health Insurance Information Program (***SHIIP***) has certified volunteer counselors across Indiana to help persons, in their own communities, with their senior-related health insurance questions and concerns. Counselors can help answer your questions about:

* Medicare
* Medicaid
* Medicare managed care
* Medicare supplemental insurance
* Long term care insurance

For materials on the above topics, to get help with questions you may have, or to locate the nearest *SHIIP* site for individual assistance, **call 1-800-452-4800 or 1-317-233-3475 (Indianapolis)**. You may also visit us on the Internet at: **www.in.gov/idoi/shiip**

You are under no obligation to share the answers of this guide with anyone else, including your SHIIP counselor or insurance agent!

State Form 45870 (R12/19-01)

Name: ______________________

Date: ______________ Current Age: ______________

THE NEED FOR LONG TERM CARE

1. **Age and Gender**

The need for long term care increases as you get older. If family members have lived to ages over 85, there is a good chance you may live as long or longer. Living longer increases your chances for needing long term care. If family members have lived to younger ages than 85, advances in medical technology may allow you to live to be over age 85.

Women tend to live longer than men. They are therefore more likely to develop a disabling chronic condition and/or to live alone, which increases their likelihood of needing long term care at some point in their lives.

a. To what age did your parents live? ______________________

b. To what age have other family members lived (siblings, grandparents, etc.)?

____

____

2. **Living Arrangements**

For elderly persons living alone, with few friends or family members living close by who could provide assistance, chances of needing nursing home care at some point in their lives are increased. If home health care is considered as an option, the person will usually need someone at their home or nearby, to help them when the home health care aides or nurses are <u>not</u> available.

a. Do you live alone, with spouse, adult children, friends or relatives, or other?

____

____

b. Are your adult children or other family and friends available to provide care or you should you need it? Do your children live close by? ______________

____

c. Would your children or other family members be willing and able to provide this care? ______________________________

____

____

3.

Health History

The need for long term care usually results from a *disabling chronic condition* (such as diabetes, arthritis, heart condition, stroke, emphysema or other respiratory problems, Alzheimer's, or cancer). These conditions may be related to your family history or to health risk factors you may have (smoking, overweight, high blood pressure). If you <u>currently</u> have a serious chronic health condition, insurance companies may not insure you.

a. General health condition (excellent, good, fair, poor): ______________________

b. List medications and purpose: ______________________

____

____

c. Major surgeries or illnesses which resulted in hospitalizations in the past 5 years: ______________________

____

____

d. Family history of chronic illness (diabetes, heart disease, arthritis, Alzheimer's, Parkinson's disease, cancer, etc.): ______________________

____

____

e. Do you have any health or life style factors that may put you at risk of needing long term care (smoking, overweight, high blood pressure, mental health problems)? ______________________

____

____

f. Are you *currently* unable to perform activities of daily living without help from others? If yes, you <u>probably</u> will *not* be able to purchase a long term care insurance policy. Common activities of daily living are: bathing, dressing, transferring (i.e. moving from bed to chair), toileting, and eating.

If you presently have a chronic disabling condition or are unable to perform activities of daily living, PLEASE GO TO PAGE 10, "OTHER OPTIONS" SECTION.

4. **Personal Preferences**

Your feelings and preferences are important to consider, in determining whether to purchase long term care insurance.

a. How do you feel about your adult children or others providing financial support for you? ______________________________

____

b. How do you feel about relying on help from your adult children or others, in order to remain in your home, should you need such help? ______________

c. How do feel about living with your adult children or others? ______________

____

____

d. What is your attitude about receiving Medicaid, should you need it?

____

____

e. How important is it to leave an estate to your children or others? __________

____

f. Is there a specific nursing home you would like to use, should you need long term care? ______________________________

g. How important is it for you to have a single room should you need nursing home care? The rates for single rooms are higher than the rates for double rooms. Having a LTC policy may help pay towards this cost.

____

____

h. What are your specific concerns or priorities? Why are you looking into long term care insurance now? ______________________________

____

i. Are you planning to live in another state?__________ (If you buy an Indiana Partnership policy, ***it will pay insurance benefits in other states.*** However, should you need care beyond the limits of your Partnership policy, and turn to the Medicaid program, only *Indiana's and Conneticut's Medicaid program* can honor the asset protection earned through your Indiana Partnership long term care policy. This means, at the time of needing Medicaid, you would need to to live in Indiana or Conneticut in order to protect your assets.)

INCOME

Are you currently receiving SSI (Supplemental Security Income) or Medicaid?
Yes____ No____

IF YOU ANSWERED YES, LONG TERM CARE INSURANCE IS **NOT** AN OPTION! PLEASE GO TO PAGE 10, "OTHER OPTIONS" SECTION.

Monthly Income

a.	Wages	$ ________________
b.	Social Security	$ ________________
c.	Pension	$ ________________
d.	IRA, Annuities	$ ________________
e.	Interest/Dividends	$ ________________
f.	Rental Income	$ ________________
g.	Other Income	$ ________________
h.	**Total Income** (add 'a' through 'g')	$ ________________

Monthly Expenses

a.	Mortgage/Rent	$________________
b.	Household (utilities, telephone, home maintenance, insurance)	$________________
c.	Food	$________________
d.	Clothing	$________________
e.	Automobile (loan payment, gas, insurance, maintenance)	$________________
f.	Medical Expenses and Insurance Premiums	$________________
g.	Taxes (estimated income and property)	$________________
h.	Miscellaneous (recreation, etc.)	$________________
i.	**Total Expenses** (add 'a' through 'h')	$________________

Income Left Over

(Total Income - Total Expenses = Income Left Over) $__________________

Will the income you have left over be enough to pay your long term care insurance premiums*?_______

* You will need to talk with a long term care insurance agent, to find out the policy premiums for the specific coverage you want to buy.

ASSETS

Medicaid considers assets as *exempt* or *non-exempt*. *Non-exempt* assets are usually ***counted*** by Medicaid, when eligibility is being determined. *Exempt* assets are *not counted.*

The numbers in ( ) refer to details found on the next page.

Type of Asset	Usually NOT counted by Medicaid	Usually COUNTED by Medicaid
a. Bank Accounts, Money Markets		$__________
b. Certificates of Deposit		$__________
c. Stocks, Bonds		$__________
d. IRAs and other retirement plans **(2)**	$__________	$__________
e. Cash Value of Life Insurance **(3)**	$__________	$__________
f. Burial Trusts **(4)**	$__________	
g. Equity Value of Home, If Owned (current market value minus remaining mortgage and liens) **(5)**	$__________	
h. Equity Value of Income Producing Property (current market value of rental or commercial property minus mortgages and liens) **(6)**	$__________	
i. Equity Value of Other Property (current market value of second home, land, etc., minus mortgages and liens) **(7)**		$__________
j. Personal property **(8)**	$__________	$__________
k. Automobiles, recreational vehicles **(9)**	$__________	$__________
l. Series EE or I U.S. Savings bonds **(10)**	$__________	$__________
m. **Total Assets** (add lines 'a' -' l')	$__________	$__________

CAUTION! *Medicaid eligibility is complex.* Consult your local Office of Family and Children, an attorney familiar with Medicaid law, or your local Legal Services Organization (free or reduced cost assistance). *You can find these numbers in your local telephone directory.*

Assets that are *not counted* by Medicaid may change, based on future changes in federal or state laws.

(1) For married couples, the Spousal Impoverishment Protection Law provides some asset protection when one person enters a nursing home and their spouse is at home. For more information, please refer to page 12 of this guide or call SHIIP at 1-800-452-4800 for a brochure.

(2) IRAs (owned by either spouse) are usually *counted* by Medicaid. The $ value of an IRA is the total IRA amount minus any penalties for early withdrawal of the IRA account. Other types of retirement funds (pensions, annuities, disability plans, profit sharing plans) would be *counted, **if*** the person has the option of withdrawing a lump sum, even if not yet eligible to receive payments. However, a retirement fund is not counted if employment must end to receive payments.

(3) The cash surrender value of life insurance is *not counted,* if the death benefit (face value) of all policies total $10,000 or less, and the beneficiary is one's estate or the funeral home. This does not include term life insurance. The $10,000 limit is reduced by any amount that is in an irrevocable funeral trust.

(4) Burial or funeral trusts are *not counted* if irrevocable, regardless of their value, as long as the dollar amount is tied to specific funeral/burial services.

(5) The home is *not counted* when it is the principal residence for the applicant, the applicant's spouse or children (if the children are under the age of 21 or are disabled or blind). The home is *not counted* until none of the above persons intend to or are able to live there. Special rules apply when siblings or adult children live in the home. For further details, contact either your local Office of Family & Children or an attorney familiar with Indiana Medicaid law.

(6) Income producing property (ie: rental property, farms) is *not counted* if it produces more income than it costs to keep it (taxes, mortgage, etc.).

(7) Other real property (real estate) is *counted* and must be offered for sale or rent at current market value. Real estate in the name of the spouse at home is *not counted.*

(8) Household goods (furniture) and personal effects (clothing/jewelry) are *not counted.* Collections (coin, stamp, etc) *are counted.*

(9) One vehicle, regardless of value, is *not counted*, if used for: applicant's employment, medical treatment, or the vehicle has been modified to accommodate a disability. Otherwise, $5,000 of the current market value of one vehicle is *not counted.* One car (of any value) for the spouse at home is *not counted.*

(10) Series *EE* or Series *I* U.S. Savings bonds are *not counted* during the first six months after they were purchased.

Medicaid has the right to be repaid for medical expenses provided. This payment would be made by the recipient's estate, upon their death. Currently, Medicaid does not recover from the spouse's estate, *unless the spouse also becomes a Medicaid recipient.* Medicaid does not recover assets protected by Indiana Partnership policies.

Do you fit under <u>any</u> of these criteria?

1. - You are ***single***, your income (minus your medical expenses) is <u>less than $530</u> (year 2001) for any month, and <u>*counted* assets are less than $1,500</u>.
   - You are ***married***, your income (minus your medical expenses) is <u>less than $796</u> (year 2001) per month, and <u>*counted* assets are less than $2,250</u>.
   - If either of the above are true, then you are probably *eligible for Medicaid now* and you need to visit your local Office of Family and Children.

2. You have a disabling health condition or you are over age 84.

3. Your *countable* <u>assets are less than the cost of one year in a nursing home</u> (around $40,000) or based on your "left over" income (see p. 5), paying for long term care insurance premiums would be difficult or result in a significant change in your life style, or any future premium increases would also result in these situations.

If you meet <u>any</u> of the above criteria,long term care insurance may not be for you.
SKIP TO THE *"OTHER OPTIONS"* SECTION ON PAGE 10.

LONG TERM CARE INSURANCE POLICY BENEFITS TO CONSIDER

INSURANCE OPTIONS: Indiana residents have a choice of traditional long term care (LTC) insurance *or* Indiana Partnership policies.

1. There are three different options for purchasing LTC insurance. Indiana Partnership policies offer two options: nursing home only or a combination type policy. *Which type of LTC coverage do you prefer?*

NURSING HOME ONLY

HOME AND COMMUNITY CARE ONLY*

COMBINATION NURSING HOME WITH HOME AND COMMUNITY CARE

* Home and community care may include home health care, adult daycare, respite care and homemaker services.

2. **Daily Benefit** - You choose the amount of benefit you want the policy to pay towards the daily cost of your care.

a. What is the daily cost of nursing home care in your area? Call and ask 2 or 3 nursing homes in your area.
(1) $ ______________ (2) $________________ (3) $ ______________

b. **Co-insuring Capability** - The lower the daily benefit selected, the lower the premium. You need to decide what portion of the daily cost of care you would be able or are willing to pay.

(1) Will your "left over" income (on p.5) cover $10, $20, or $30 a day for the cost of care?

____

(2) If the above answer is yes, are you willing to pay this amount in order to lower the cost of your premium, by lowering the daily benefits you buy?

____

c. What would you like your daily benefit to be (based on answers to '2a' and '2b' above)? $ ______________________

3. The cost of care in a nursing home will increase over the years due to inflation. An option you can buy to protect against this increase is *inflation protection.* Inflation protection will increase your policy's daily benefit and reduce the amount you will pay out in the future. Inflation protection ***must*** be included in Indiana Partnership policies.

Do you want inflation protection? ______________________________

4. **Elimination Period** - You choose how many days you must wait after you are admitted to a nursing home, before your policy will begin paying for your care.

Choices are: *0, 20, 30, 60, or 100* days.
(0 days = most expensive premium. 100 days = least expensive premium.)

You will have to use your resources (such as income, interest, or assets) to cover the cost of care during the elimination period. To determine your costs during this time: choose a daily nursing home cost from '2a' above. Multiply it by the number of days you choose for the elimination period.)

_________________ X _______________ = _____________
(daily nursing home cost) (# of elimination days) (your cost)

5. Nursing homes may request one month payment in advance, at admission. Insurance companies pay on a reimbursement basis. This means it could be 30-60 days after you enter a nursing home (plus any days under your policy's elimination period) before your policy begins to pay. Therefore, you will need enough money to cover these initial days of care.
   Example: 60 days x daily cost of care (from '2a on p.9)= ________________________

6. Insurance will *NOT* cover all of your LTC expenses. Ex: policies typically *do not* cover prescription drugs. Plan to have extra money to pay for items not covered in the policy.

7. **Maximum Benefit** - This is the total number of days or total dollar amount the policy will pay. Choices include a specific # of days (or years), lifetime coverage, or a specific $ amount.

   What would you like for your maximum benefit? ________________________

OTHER OPTIONS

Self Insuring

This option is most appropriate for persons who are able to invest income and assets over a number of years to cover the costs of long term care. You may wish to speak with a financial consultant or advisor.

Reliance on Medicaid

a. Persons with limited income and assets should **NOT** purchase LTC

b. Persons who do not have or cannot get health insurance (possibly due to a health condition) may wish to consult an attorney familiar with Medicaid Law.

c. To apply for Medicaid services, call your local Office of Family and Children.

Retirement Communities

a. Continuing Care Retirement Communities offer a range of levels of care from independent apartments to nursing home care. The monthly fee is based on the level of care received.

b. Life Care Retirement Communities require a person to pay an entrance fee and a monthly fee. Some communities refund all or part of the entrance fee upon death or if the person moves out of the community. The monthly fee does not change even if the person moves into the nursing home. However, it may increase each year due to inflation.

c. For more information, look under "*retirement communities*" in the yellow pages.

Home Equity Conversion Mortgages

a. Also called reverse mortgages, home equity conversion mortgages allow homeowners of 62 years of age or older, to borrow against acquired home equity. They receive a loan to generate income to pay for LTC services, LTC insurance premiums, or to help with any other living expenses.

b. The borrower retains full ownership of their home. There is no repayment of the loan until the person and/or their spouse no longer lives in the home (due to a move, admission to a nursing home, sale, or death).

Information about lenders and these loans may be obtained by contacting your local Housing and Urban Development office or at the HUD internet site:

www.hudhcc.org/agencies/indiana.txt

Community Services

a. Many communities offer services for seniors. These services can range from assistance with home health care to community-based services, such as: adult day care, meal sites, transportation services, etc.

b. Funding for these services is generally provided by: Older Americans Act, Social Service Block Grant, Medicaid Waiver, Community and Home Options to Institutional Care for the Elderly (CHOICE), etc.

c. Eligibility requirements may be based on: age, income, need for medical assistance, or any combination of these.

d. For more information about community services available in your area and/or eligibility requirements, contact your local Area Agency on Aging at 1-800-986-3505.

Should you have questions about LTC insurance,
Medicare, Medicare Supplemental insurance, or Medicaid,

call your local SHIIP site, or call 1-800-452-4800 or 1-317-233-3475 (Indianapolis), or visit us at www.in.gov/idoi/shiip

The Spousal Impoverishment Protection Law

The Spousal Impoverishment Protection Law occurred in 1989. Its purpose is to protect spouses of nursing home residents from losing all their income and assets to pay for the nursing home spouse's care. The law allows the spouse living in the community to keep some assets and income and still be able to get Medicaid assistance for the nursing home spouse.

ASSETS

The spouse at home can protect up to half of the couple's countable assets at time of admission to the nursing home (up to **$89,280 in 2002**, but not less than **$17,856**). Some examples of assets that are **countable** are: cash, checking accounts, savings accounts, CD's, stocks, bonds, money market funds, mutual fund shares, revocable trusts, cash value of life insurance policies, and IRA's.

The nursing home spouse's share should be used towards his/her nursing home care until his/her assets have been reduced to **$1,500**. Medicaid will then assist in his/here care.

PERSONAL INCOME

Income in your name remains your own (Social Security, Pensions, etc). The spouse at home may keep all of his/her personal income. The spouse in the nursing home must use most of his/her income to pay for nursing home care. The nursing home spouse's income will pay first, then Medicaid will help with nursing home costs. The nursing home spouse may keep a **personal needs allowance of $52** per month.

JOINTLY-OWNED INCOME

Income from assets owned by both spouses is **counted by Medicaid as jointly-owned income**. Jointly-owned income is divided in half, with each spouse getting a half.